

Message Text

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ACTION TRSE-00

INFO OCT-01 SS-14 ISO-00 EUR-08 CIAE-00 INR-05 NSC-05

NSCE-00 L-01 NEA-06 EB-03 PRS-01 SP-02 SSO-00 INRE-00

/046 W

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O R 071619Z FEB 75

FM AMEMBASSY BONN

TO SECSTATE WASHDC IMMEDIATE 7814

INFO USMISSION OECD PARIS

C O N F I D E N T I A L SECTION 1 OF 2 BONN 2147

LIMDIS

C O R R E C T E D C O P Y (MISSING LINE PARA 1)

PASS TREASURY FOR UNDER SECRETARY BENNETT, ASSISTANT
SECRETARY COOPER AND L. WIDMAN; OECD PARIS FOR KORP

E.O. 11652: GDS

TAGS: EFIN, GW

SUBJECT: GERMAN POSITION ON THE SOLIDARITY FUND

REF: BONN 1905

1. FINANCE MINISTRY STATE SECRETARY POEHL TODAY
TOLD THE FINANCIAL ATTACHE THAT THE FRG HAD DURING
THE LAST FEW DAYS FURTHER REVIEWED ITS POSITION ON
THE SOLIDARITY FUND. CONTRARY TO WHAT POEHL HAD TOLF
THE FINANCIAL ATTACHE LAST TUESDAY, THE FRG NOW ALSO
WOULD BE READY TO GUARANTEE A LOAN FLOATED IN THE
NAME OF THE SOLIDARITY FUND IF IT PROVED IMPOSSIBLE
TO PERSUADE THE BIS TO FLOAT SUCH LOANS IN ITS OWN
NAME. THE FRG, HOWEVER, STILL PREFERRED TO HAVE
SUCH LOANS FLOATED IN THE NAME OF THE BIS ITSELF.

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2. POEHL CONTINUED THAT IT SHOULD BE ABSOLUTELY CLEAR

TO US OFFICIALS THAT ALL THAT THE FEDERAL REPUBLIC WAS WILLING TO COMMIT ITSELF TO WAS TO FURNISH GUARANTEES WITHIN THE MAGNITUDE OF ITS QUOTA EITHER FOR JOINT BORROWINGS GUARANTEED BY ALL MEMBERS OF THE FUND OR FOR A BORROWING BY THE BIS OR THE SOLIDARITY FUND ITSELF GUARANTEED BY THE FEDERAL REPUBLIC ALONE. THE FEDERAL REPUBLIC WAS NOT READY TO COMMIT ITSELF TO GUARANTY BORROWING BY ANY OTHER INSTITUTION OR TO JOIN A NON-ALL-INCLUSIVE GROUP OF SOLIDARITY FUND MEMBERS IN A JOINTLY GUARANTEED BORROWING (THE FRG CONCERN HERE IS NOT TO FIND ITSELF THE ONLY STRONG COUNTRY IN THE GROUP AND THUS THE ONLY ONE WHOSE GUARANTY IS MEANINGFUL. AT ONE POINT IN THE CONVERSATION POEHL SAID A JOINTLY GUARANTEED BORROWING WOULD BE ACCEPTABLE IF OTHER STRONG COUNTRIES SUCH AS THE US AND JAPAN ALSO PARTICIPATED.)

3. POEHL CONTINUED THAT THE OECD WORKING PARTY PAPER AND THE PRELIMINARY DRAFT OF A LEGAL TEXT OF THE AGREEMENT THAT THE GERMANS HAD JUST RECEIVED CONTINUED TO FAIL TO REFLECT THE GERMAN POSITION AS OUTLINED ABOVE AND AS MADE CLEAR AS FAR BACK AS THE BURNS/SCHMIDT MEETING IN HAMBURG. HE WANTED TO MAKE IT ABSOLUTELY CLEAR TO US POLICY LEVEL OFFICIALS THAT THE GERMANS WOULD HAVE TO INSIST THAT THE AGREEMENT CLEARLY SPELL OUT THAT THE ONLY OBLIGATION THEY WERE ASSUMING WAS TO FURNISH A GUARANTY TO BORROWING BY THE BIS OR THE SOLIDARITY FUND UP TO THE MAGNITUDE OF THE GERMAN QUOTA. THEY WERE NOT COMMITTING THEMSELVES TO FURNISH CONVERTIBLE CURRENCIES, PRE-FINANCING, OR ANYTHING ELSE.

4. POEHL SAID THAT THE ABOVE POSITION WAS ABSOLUTELY FIRM. IT HAD BEEN REPEATEDLY LAID DOWN BY THE

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C O N F I D E N T I A L SECTION 02 OF 02 BONN 02147

LIMDIS

CHANCELLOR AND WAS FULLY ENDORSED BY PRESIDENT KLASSEN AND MINISTERS APEL AND FRIDERICH. HE, POEHL, HAD TRIED TO PERSUADE THE ECONOMIC CABINET TO ADOPT A MORE FORTHCOMING POSITION (HE MENTIONED AGREEMENT TO BUNDESBANK PREFINANCING), BUT THE ECONOMIC CABINET HAD UNANIMOUSLY DECIDED AGAINST HIM. HE SAW NO CHANCE FOR A CHANGE IN THE GERMAN POSITION AND SAID MUELLER-ENDERS AT NEXT WEEK'S WORKING GROUP MEETING WOULD BE UNDER VERY FIRM INSTRUCTIONS. POEHL SAID HE REALIZED THE GERMAN POSITION CAUSED SOME PROBLEMS. OTHER COUNTRIES ALSO MIGHT INSIST TO DISCHARGE THEIR OBLIGATION BY OFFERING A GUARANTY OF BIS OR FUND BORROWING, AND IT MIGHT NOT BE POSSIBLE TO ACTUALLY RAISE MONEY ON THEIR GUARANTY. BUT HE FELT THAT THE CONTRIBUTION OF SUCH COUNTRIES WAS LIKELY TO BE MINIMAL IN ANY CASE. FOR INTERNAL POLITICAL REASONS THE GERMANS COULD NOT GO FURTHER AND HER PARTNERS WOULD HAVE TO ACCEPT THIS POLITICAL JUDGMENT.

5. ON A MINOR POINT, POEHL INDICATED THAT HE FELT THE PRESENTLY ENVISAGED TIME SCHEDULE WAS SOMEWHAT UN-REALISTIC. THE FRG WOULD NEED AT LEAST TWO WEEKS BETWEEN AGREEMENT ON A TEXT IN PARIS AND THE INITIALING.

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6. POEHL IS GOING ON TWO WEEKS LEAVE THIS WEEKEND.
HILLENBRAND

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, FINANCE, TRUST FUNDS, FINANCIAL CONTRIBUTIONS, CREDIT GUARANTEES
Control Number: n/a
Copy: SINGLE
Draft Date: 07 FEB 1975
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975BONN02147
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750045-0849, D750048-0014
From: BONN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750264/aaaacfft.tel
Line Count: 159
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION TRSE
Original Classification: CONFIDENTIAL
Original Handling Restrictions: LIMDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: LIMDIS
Reference: 75 BONN 1905
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 15 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <15 MAY 2003 by ifshinsr>; APPROVED <19 MAY 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: GERMAN POSITION ON THE SOLIDARITY FUND
TAGS: EFIN, GE, US
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006